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THE POSITION OF GOLD

JOSEPH KITCHIN

THIS article will be an attempt to look into the more immediate future of the world's output of gold and to deal with its consumption, and more particularly the amount of it available for monetary uses. One may commence by setting out the production and consumption of the past six years, the first of which witnessed the record output; but it should be stated at once that the period covered was largely occupied by the Great War and the consumption in particular was therefore abnormally affected. The figures set down for industrial consumption have been based upon such figures as have been published by the Director of the United States Mint, but he has not given any complete figures since 1913, and his total has therefore been increased to allow for gaps.

In the few years before the discoveries in California the world's annual production averaged £5,000,000, and after the opening of the Californian and Australian fields in 1848 and 1851 it rapidly leapt up to the £30,700,000 of 1853. As the gold was won mainly from alluvial deposits, and as alluvial fields usually reach their zenith in the short period of five years, the production gradually fell away to £19,600,000 in 1883. The discovery of the Rand (Transvaal) in 1886, aided by the development of quartz mining in the United States, Australia, Mexico and elsewhere, led to a great increase which culminated in the record £96,400,000 of 1915. Australia has been waning since 1903, the United States since 1915, and the Transvaal since 1916; and in general the principal producing countries seem to have passed their zenith, and there are no new fields of importance to be recorded. The war affected the mines to some extent, the output being forced for two reasons — the increased costs of working, and the desire of mines in the British Empire, which has over 60 per cent of the world's total to its credit, to produce as much gold as possible in order to finance the war. These causes have already had their natural effect in leading to a drop in yield, and this combined with exhaustion of the deposits has led to the exceptional fall from £96,400,000 in 1915 to £70,000,000 in 1920, a decline of 27¼ per cent.

Seeing that the annual output rose £25,000,000 between 1847 and 1853, and again £77,000,000 between 1883 and 1915, it might be reasonable to expect that further discoveries will supply the world's needs. In view of the alarming predictions made in the eighties of last century which were so soon to be entirely falsified, it would be unwise to be dogmatic on the point; but all the present indications are against anything more than a comparatively moderate recovery from the point now reached. Only a discovery of an outstanding kind like that of the Rand — which with its banket formation is unique — would suffice to give what is required. The earth's surface has become pretty well known, and the more it is overrun the less likely is it that any big gold field will be found. From improved metallurgy little more is to be expected. Alluvial deposits have had their day, and in its best year none of them has given more than a few million pounds to the

PRODUCTION AND CONSUMPTION OF GOLD, 1915–20

(Millions of pounds sterling at 85 shillings per fine ounce)

PRODUCTION

	1915	1916	1917	1918	1919	1920	Highest on record
Transvaal	38.7	39.5	38.3	35.8	35.4	34.6	39.5 in 1916
United States	20.8	19.0	17.2	14.1	12.4	10.2	20.8 in 1915
Australasia	10.2	8.3	7.4	6.1	5.4	5.0	18.3 in 1903
Russia	5.4	4.6	3.7	2.5	2.5	1.0	7.3 in 1910
Mexico	1.3	1.6	1.8	3.5	3.1	2.7	5.1 in 1911
Elsewhere	20.0	20.5	17.9	17.0	16.2	16.5	....
WORLD	96.4	93.5	86.3	79.0	75.0	70.0	96.4 in 1915

CONSUMPTION

Industrial Arts (Europe and America)	17.0	18.0	16.0	17.0	22.0	22.0	27.3 in 1913
India (year to March 31st following)	1.4	5.1	19.6	−3.3	27.7	5.1	27.7 in 1919
China	−1.7	2.6	2.6	0.4	11.5	−3.7	11.5 in 1919
Egypt	−0.8	−0.2	−0.1	−0.0	−0.0	?	7.2 in 1906
Balance available as money (difference)	80.5	68.0	48.2	64.9	13.8	46.6	80.5 in 1915
WORLD	96.4	93.5	86.3	79.0	75.0	70.0	96.4 in 1915

world's total. Discoveries of this kind are to be expected only in unknown parts of the world such as Northern Canada and Siberia. The writer has roughly calculated that the world's gold has been derived as follows, the figures in the first two columns, however, being those of Mr. Edward Suess (*The Future of Silver*, 1893):

	Annual average 1848–75	1890	1911	1919
From alluvial	£19,300,000	£10,800,000	£18,000,000	£10,000,000
From lodes	2,700,000	11,700,000	43,000,000	31,000,000
From banket	Nil	1,900,000	34,000,000	34,000,000
	£22,000,000	£24,400,000	£95,000,000	£75,000,000
From alluvial	88%	44%	19%	13%
From lodes	12	48	45	41
From banket	Nil	8	36	46

Here the falling off is from alluvial and lode mining. The banket yield (48 per cent of the total in 1920) is still only one-eighth below its highest.

The Transvaal today is producing practically one-half of the world's supply, and therefore comes mainly into consideration in considering prospects. In dealing with it one can divide it into two parts — the Old Rand, consisting of the portion first worked, which to date has produced 85 per cent of the district's yield; and the New Rand from the New Kleinfontein property eastwards and southeastwards and comprising a fifth of the whole area, which in a few years will be yielding more than the older portion. The following figures cover the period since the year of the Old Rand's highest total, with the figures of previous production:

YIELD OF OLD AND NEW RAND

(*Pounds sterling at 85 shillings per fine ounce*)

	Old Rand	New Rand	Whole Rand
Total to 1911 .	£294,020,000	£15,851,000	£309,871,000
1912.........	32,664,000	4,519,000	37,183,000
1913.........	31,197,000	4,616,000	35,813,000
1914.........	28,670,000	5,454,000	34,124,000
1915.........	29,723,000	7,542,000	37,265,000
1916.........	29,529,000	8,579,000	38,108,000
1917.........	26,313,000	10,705,000	37,018,000
1918.........	23,288,000	11,535,000	34,823,000
1919.........	22,277,000	12,177,000	34,454,000
1920.........	21,072,000	12,696,000	33,768,000
	£538,753,000	£93,674,000	£632,427,000

The Old Rand has already dropped 25½ per cent from its best, while the New Rand is still growing. By 1923 or 1924 the latter should have an output equal to that of the former, and thereafter the New Rand may be expected to reach its zenith about 1930, while the Old Rand will continually fall. One would expect the production of the whole Rand to be between £27,000,000 and £29,000,000 in 1925, between £21,000,000 and £27,000,000 in 1930, and between £15,000,000 and £20,000,000 in 1940, with a life ending not earlier than 1960.

So much for the probable yield of the world's principal gold field, which accounts for nearly all of the Transvaal's total. As regards the rest of the world — with which the writer is less acquainted — the output has fallen from £57,700,000 in 1915 to £35,400,000 in 1920. This drop of 38½ per cent in five years, while doubtless also in great measure due to natural exhaustion of the mines, has probably been largely contributed to by the increased costs produced by war conditions. But working expenses should be fairly rapidly reduced to a normal level and lead to a partial recovery, and in Russia and Mexico revolutionary conditions have severely affected the out-turn. Could the output outside the Transvaal recover in each country to the recent records (see the first table) it would improve from the £35,400,000 of 1920 to £72,000,000 per annum, but this is not by any means to be expected by reason of mine exhaustion, especially in Australasia. Hope of an increase in the present yield is to be found principally in the United States, Mexico, and Russia.

It is always dangerous to forecast except in general terms, but for purposes of this article it is desirable to make the prospect more concrete in figures, though it should always be remembered that they are of a doubtful character. With this caution (which is applicable to all the forecasts mentioned hereafter) one may assume that the Transvaal output for 1921 to 1930 will commence at £32,000,000 per annum and end at £24,000,000, while the output of other countries may commence

CONSUMPTION OF THE WORLD'S GOLD SUPPLY

(*Millions of pounds sterling at 85 shillings per fine ounce*)

	Industrial arts *	India †	China and Egypt ‡	Available as money (difference)	World's output	STOCK OF GOLD MONEY §	
						Total	Per head
5 years to 1839..	12	2	?	..	14	196	51*d*
" " 1844..	13	2	?	5	20	201	50
" " 1849..	15	5	?	18	38	219	53
" " 1854..	16	5	?	97	118	316	73
" " 1859..	21	16	?	101	138	417	92
" " 1864..	31	35	?	59	125	476	101
" " 1869..	43	24	?	67	134	543	110
" " 1874..	58	11	?	51	120	594	115
" " 1879..	59	3	5	45	112	639	119
" " 1884..	53	19	9	23	104	662	118
" " 1889..	50	11	4	49	114	711	121
" " 1894..	52	4	4	91	151	802	131
" " 1899..	65	24	8	156	253	958	151
" " 1904..	79	32	17	178	306	1136	172
" " 1909..	95	50	13	273	431	1409	204
" " 1914..	121	96	7	246	470	1655	229
" " 1919..	90	51	14	275	430	1930	258
85 years total...	873	390	81	1734	3078		
5 years to 1924..	*120*	*60*	*20*	*145*	*345*	*2075*	*266*
" " 1929..	*120*	*50*	*20*	*165*	*355*	*2240*	*276*

* Based on Soetbeer for 1831–80 and on U. S. Mint for 1890–1913, the other figures being approximated by the writer.

† Years to March 31 following. Net imports plus country's own production.

‡ Egypt from 1879 only, and China from 1889 only, plus, in the case of the latter, the country's own production.

§ At end of period. Excluding India, China, and Egypt. The per head figures (in pence) based on estimated population of world, not of gold-using countries only.

at £35,000,000 and gradually rise to £48,000,000, indicating a world production gradually rising from, say, £67,000,000 for 1921 to, say, £72,000,000 for 1930. Of course the output is not likely to be as even as this indicates, and it may be stimulated by new discoveries or retarded by continued disturbances as in Mexico and Russia; but generally the prospect is a production averaging about £70,000,000 per annum for the present decade, with a tendency, by reason of disturbing factors, to be rather below than above it. If this forecast is correct the decline which has proceeded since 1915 should continue only into this year, to be thereafter replaced by a comparatively stationary output not much above the present reduced level.

One of the principal objects of this article being to judge the future addition to the world's stock of gold money, let us now turn to the consumption or destination of the gold produced, which from 1835 is set out in Chart I and the accompanying table.

As the chart indicates, the industrial arts and the East have in practice the first claim on the gold output, and what is left is added to the stock of money. The outpouring of gold from California and Australia led to India and industry, after a distinct lag of some years, increasing their demand most markedly; but the increase ceased soon after the output began to sag, and it advanced again tremendously, after another distinct lag, when the production rose greatly as a result mainly of the discovery of the Rand in 1886. This is only another way of saying that the absorption of industry and the East (the latter more than the former) was conditioned by the state of trade, which (see Chart II) became stationary in the period from 1873 to 1895 and then increased up to the war period.

Chart I brings out clearly the effect of the demand of industry and the East (with the lag before mentioned) in reducing the addition to the stock of money to small proportions in 1880–84. The chart also indicates that we are on the eve of a similar (though not so small) restriction of the addition to money. From 1790 to 1850 (see bottom curve of Chart II) this money stock was stationary between 50*d* and 55*d* per head; it then rose rapidly to 111*d* in 1870, remained fairly stationary until it reached 127*d* in 1893, rose rapidly again to 258*d* in 1918, and is now likely, if anticipations now indulged in are fulfilled, to rise slowly to about 278*d* in 1930. In other words, but for the war we should be on the eve of a period of comparatively stationary trade and economic conditions (reckoned in money), and of falling prices and rate of interest, as was the case in the first half of last century and from 1873 to 1895.

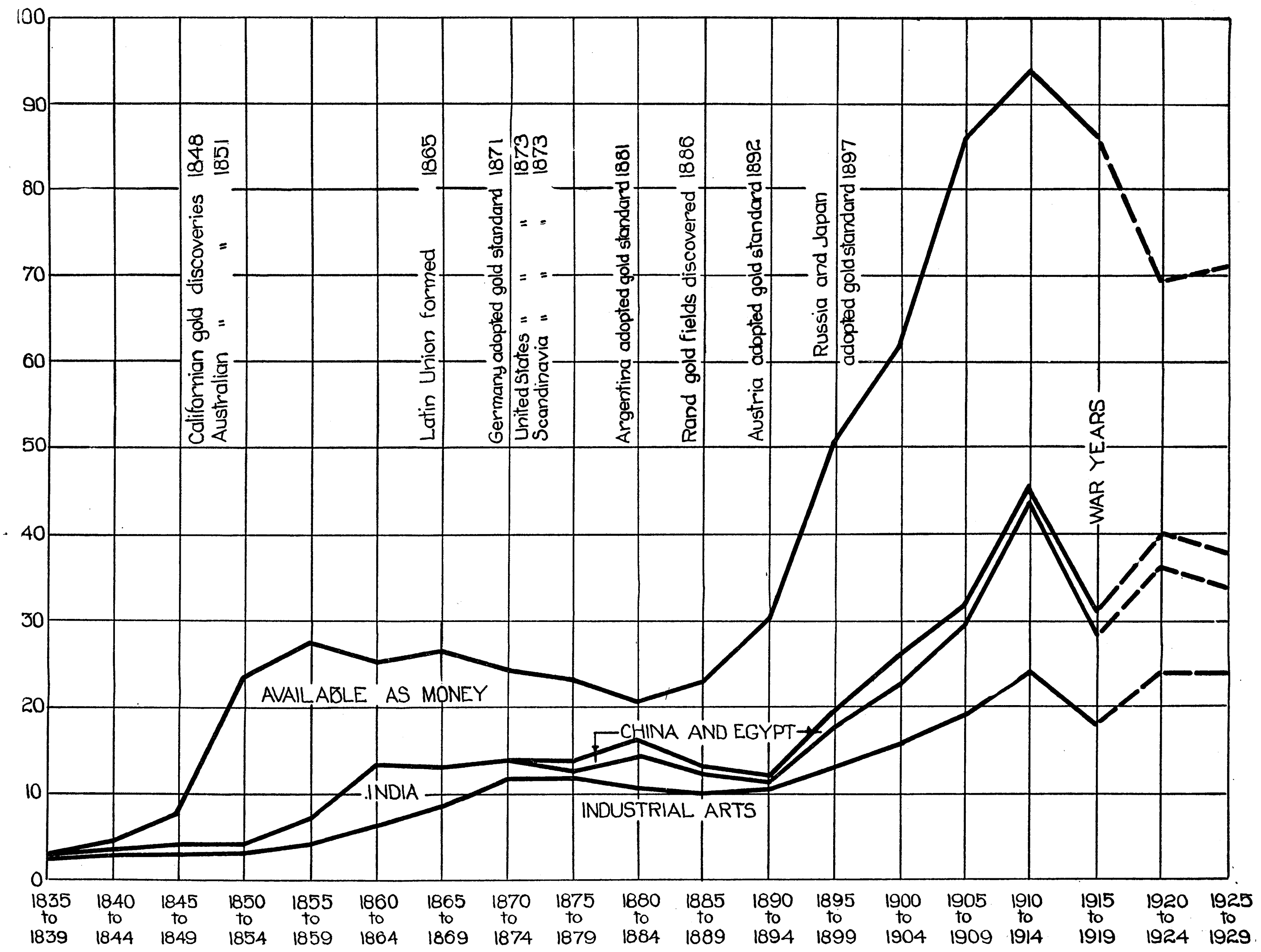

Chart I. — Consumption of the World's Gold Supply

Five-year averages, in millions of pounds sterling

It will have been observed from the last table that an attempt has been made to forecast the probable distribution of the gold to be produced up to 1929. The figures should be compared with those before the war rather than those of the five war years, when industrial uses of gold were restricted (outside the United States) and when importation of gold into India was severely regulated. In setting down the figures allowance is made for the expected check in trade and other conditions. One may repeat that it would be better not to put down figures at all, and as previously mentioned they are only used as an indication of the probable conditions.

The total output of gold from 1493 to 1920 has been distributed approximately as follows, the figures for six-sevenths of the total being fairly exact:

Stock of gold money (excluding India, China and Egypt)	£1,965,000,000	or	53%
Industrial arts (Europe and America)	1,170,000,000	or	31
India's absorption	455,000,000	or	12
China and Egypt's absorption, and unaccounted for	135,000,000	or	4
	£3,725,000,000		100%

In the 20 years to 1919 the proportions were not very different, being 58, 25, 14, and 3 per cent respectively. The 12,580,000,000 ounces of silver produced in the period 1493–1920 have been absorbed as to 24 per cent by the industrial arts, 38 per cent by India and 38 per cent by currency and China. In forecasting the figures for the 10 years to 1929 the writer assumes that the industrial arts will take 34 per cent, India 16 per cent, and China and Egypt 6 per cent, and though these are higher than the above averages, they apply to a reduced production, and the lag previously mentioned has to be allowed for.

What will be the effect on economic conditions of the present decade of the forecasted figures put forward? One must judge the future by the past, and initially assume that similar conditions will lead to similar results. In the following figures allowance is made for the fact that the increase in the world's aggregate stock of gold money takes five years (more or less) to produce its effect, i.e. that there is a lag of about five years in the other figures, which are all for the United Kingdom and based on the United Kingdom population (except for gold money) and where the years selected are years of maxima. The table covers four periods of stagnation, advance, stagnation, and advance.

Gold Production and Economic Activity in Great Britain

Original Figures

		Stationary	Advancing	Stationary	Advancing
	1825	1847	1873	1890	1913
Gold money per head (five years earlier)	53*d*	50*d*	109*d*	118*d*	198*d*
London bankers' Clearing House returns per head	(£35)	(£45)	£187	£207	£359
Foreign trade per head	(£4)	(£5.5)	£21.0	£19.8	£30.5
Taxpayers' incomes per head	(£9)	(£10.6)	£17.6	£18.8	£26.9
Wages (Index No.)	63	55	87	90½	106½
Bank rate (3 years' average)	4.40%	4.11%	4.22%	3.79%	4.19%
Wholesale prices (Sauerbeck-Statist):					
Materials	(120)	86	114	71	91
Food	(115)	105	107	73	77
All commodities	117	95	111	72	85

Index Numbers (1873 = 100)

	1825	1847	1873	1890	1913
Gold money	49	46	100	108	181
Bankers' clearings	19	24	100	111	192
Foreign trade	19	26	100	94	145
Taxpayers' incomes	51	60	100	107	153
Wages	72	63	100	104	123
Average	40	43	100	104	153
Bank rate	104	97	100	90	99
Prices of materials	105	75	100	62	80
Prices of food	107	98	100	68	72
Prices of all commodities	105	86	100	65	77
Average	105	89	100	71	82

These figures cover a long time and are sufficient to show that the swings of the Gold Money line are followed by economic factors — that in the two stationary periods, when gold money was increasing slowly, bankers' clearings, trade, incomes, and wages were stationary, and prices and the interest rate fell; while in the two advancing periods, when gold money increased rapidly, bankers' clearings, trade, etc., advanced swiftly, and prices and the rate of interest rose markedly. The four periods are of approximately equal length (22, 26, 27 and 23 years), so that the index numbers given are comparable, and the correspondence is shown best in the interval since 1873, i.e., under more modern conditions.

The matter can be followed more closely in Chart II, which by the use of ratio scales enables one to see just how far the Gold Money curve corresponds with the other curves. If one superimposes the Gold Money curve on each of the others, the fit (allowing for the lag in the effect of the Gold Money curve by displacing it, say, five years to the right) is found to be fairly close (especially in the last two-thirds of the period covered) in the case of Bankers' Clearings and Foreign Trade, and less close in the more sluggishly-moving Taxpayers' Incomes (given here mainly on a three years' average basis) and still less close in the case of Wages, where the fit is so poor in the 10 or 15 years prior to the war (when real wages actually declined) that it suggests labor was not getting its fair share — an omission rectified by 1920. Even in these two latter instances

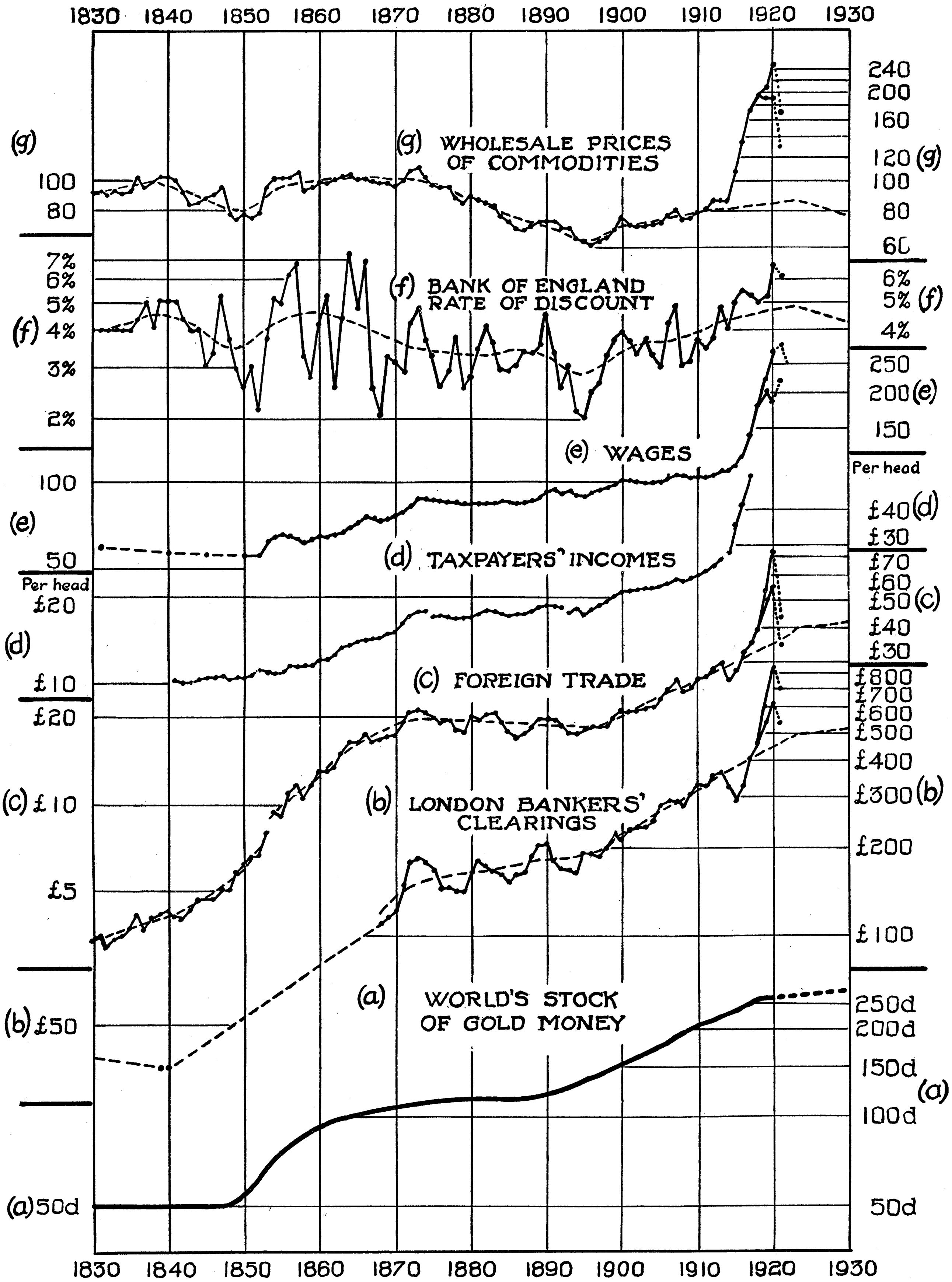

Chart II. — Gold Production and Economic Activity in Great Britain

Explanation: The chart is constructed of logarithmic or ratio scales so that all curves are comparable and equal angles of slope mean equal proportional rises or falls. The "per head" figures (for United Kingdom population, but for the world as regards the Money curve) are given to eliminate the rise due to the increase of population. The chart should be read from below upwards.

The Gold Money curve is given, in default of a better, as the representative of money and credit of all kinds, which, if they could be given instead, would probably not greatly alter the characteristics of the curve. This curve is a growing aggregate, while the other curves are annual averages. Free-hand smoothed curves are drawn in some of the cases up to 1913 to show the effect of eliminating trade cycle fluctuations, in order the better to bring out the comparison with the Money curve. The smoothed curves after 1913 are continued by applying the Money curve, to indicate conditions to 1930 as they might have existed apart from the War. The estimated 1921 figures (except for Bank Rate) are those which result from comparing the first halves of 1920 and 1921 and assuming that the full year will show a similar fall. The double curves given in four cases for 1919–21 represent as to the upper curve the actual sterling figures, and as to the lower curve those figures as reduced by applying the depreciation of the pound sterling as suggested by the New York exchange, which is taken at $4.43, $3.66, and $3.75 for the three years — an attempt to show both paper and gold values.

the influence of the successive stationary and advancing sections of the Gold Money curve is evident. In the case of the Bank Rate and Wholesale Prices curves it is necessary to slope appropriately the Gold Money curve so that the stationary gold money periods are represented by a decline and the rising periods are modified.

During and since the Great War, of course, the influence of the Gold Money curve has had exceptional influences imposed upon it by the necessities of the position — loss of production and consequent scarcity of goods, coupled with a disproportionately large demand inevitably leading to higher prices than would rule under normal conditions. The broken lines after 1913 indicate (apart, of course, from trade cycle fluctuations) what should have normally been the course of conditions apart from the war and its effects, and show at a glance how far from normality we went, and by the indications for 1921 how far we are already getting back to normality.

If the indications so given correspond to what would have been reality, we get the following figures:

	1913	1920	1921	1930
London bankers' clearings per head	£359	£822 (£620*)	£705 (£545*)	£510
U. K. foreign trade per head	£30.5	£73.6 (£55.5*)	£44 (£34*)	£42
Bank rate	4.77%	6.72%	6.15%	4¼%
Prices of commodities	85	249 (188*)	168 (130*)	77

* Equivalent gold prices based on dollar-sterling exchange at $3.66 for 1920 and $3.75 for 1921.

These show, comparing 1930 with 1913, increases of 42 per cent and 38 per cent and decreases of 11 per cent and 9 per cent respectively.

The figures tentatively suggested for 1930 apply to a country whose currency at present, judged by the New York Exchange for 1920, shows a depreciation of 25 per cent, but which may perhaps be expected to have recovered to par in nine years' time. They also attempt to indicate conditions as they might have been if there had been no war. But the war has produced great changes. Our income tax has risen from a standard rate of 1*s* to 1*s* 2*d* (rising with super-tax to 1*s* 8*d* at infinity) in 1913–14 to 6*s* (rising with super-tax to 12*s* at infinity) in 1921–22, and is likely to fall only moderately by 1930. A bank rate of 4¼ per cent in 1930 is a very different thing from 4.77 per cent in 1913, for 4¼ per cent would on the 1913 taxation have meant 4 per cent net after deduction of tax, and to give 4 per cent net in 1930 would mean a gross rate of round about 5¼ per cent. The increased tax would also have a small effect on the prices of commodities. Further, the war has left the world poorer, and, though recovery may be comparatively rapid, its results would tend to make conditions less favorable than normal. At the same time, speaking for the better-placed countries, the writer would expect results by 1930 or thereabouts to be not very far from those suggested. This means that lower commodity prices than those of 1913 are to be expected with comparatively stationary conditions for trade and economic conditions generally, *after* they have settled down to normal.

The phrase "the better-placed countries" just mentioned is used advisedly. The writer does not pretend to be attempting to forecast conditions except in countries like the United Kingdom and, with the necessary amendments to suit its circumstances, the United States, or other countries which are not too far from a gold basis. For other countries such as France, Italy, Germany, Austria, and Russia (with their increasingly divergent distance from a gold basis), other considerations apply, because such countries can hardly hope within the next decade to return to a gold standard, and they may never return to a gold standard on the pre-war basis because it would be too costly. They are now on a paper basis, and are heavily burdened with war debts contracted to a large extent on a gold basis and repayable therefore only at an immense sacrifice if they were to return to pre-war gold currency. What their future will be, and in what manner they will deal with their debts, is so uncertain that one cannot venture to predict what their economic conditions are likely to be. But, as the more their paper depreciates the less will labour be likely to accept it willingly, it would seem to be only a matter of time before there will be an irresistible demand for some better form of currency than the present poor substitute. One sees the course of events in Russia where the peasants refuse to produce corn for almost worthless paper, and where the conditions are sufficiently desperate to almost force a return as speedily as possible to some form of scrapping of paper in favor of some form of backed notes or hard money, even though gold may be excluded from it for some time.

The United Kingdom is not classed with these paper-depreciated countries, because it intends to, and probably will, return to the pre-war gold standard as speedily as possible (though that may not be for many years); it does not contemplate any semi-repudiation of its national debt, and it has a stock of gold money even larger than before the war.

It may be argued with some force that if the war-exhausted continental countries are not able to return to the gold standard, there will be more gold available for other countries, that gold will therefore go further, and that this will lead to better prices and better economic conditions generally than those suggested. It may be granted that these continental countries have no prospect of any early return to gold (at least on pre-war parities) and that they are more likely, when they are able to balance their budgets and stop the further increase of paper money, to resort to some form of scrapping or converting their present paper and to issue notes by central reserve banks based on commercial paper, together with subsidiary silver and base metal currency.

The world's gold money has been considerably redistributed during the war; the highly-depreciated-paper countries have lost most of theirs and the United States has a surplus equal to about 33 per cent of the total stock. At the end of 1913 the world's stock was, on the writer's figures, £1,587,000,000, while at the present time (June 30, 1921) it has increased to £2,000,000,000. Its situation was and is about as follows:

	Dec. 31, 1913	June 30, 1921
Central banks of Europe	£553,000,000	£616,000,000
United States (whole country)	392,000,000	663,000,000
Central banks and treasuries: Japan, India, Argentina, Canada and Australia......	118,000,000	276,000,000
Total.............	£1,063,000,000	£1,555,000,000
Other banks, hoarded, and in circulation (excluding United States)..................	524,000,000	445,000,000
Total.............	£1,587,000,000	£2,000,000,000

The following gives another picture of the whereabouts of the stock at the end of 1912 and now, but the figures set against countries represent for 1912 all the gold money supposed to be therein, while for 1921 they represent holdings of the principal central banks and treasuries only (but for the United States the whole country), to which they have largely gravitated:

World's Stock of Gold Money

(In millions of pounds sterling at 85 shillings per fine ounce)

	1912	1921
France.........	247	143
Russia..........	206	10
Germany.......	178	55
Austria-Hungary.	60	..
Italy...........	51	33
Turkey.........	29	..
	771	241

	1912	1921
United States.....	387	663
United Kingdom..	150	157
Argentina........	58	91
Japan...........	29	128
	624	1,039
All other countries	141	180
	765	1,219
In banks other than principal central banks, or hoarded, or in circulation ..		540
		1,759

Before the war the amount was about equally divided between the two classes of countries, while now (allowing for other gold still in the class of countries on the left, practically all, of course, hoarded) it may be said that the division is as 85 per cent to countries on the right and 15 per cent to countries on the left, while about half of that 15 per cent is in France. But several points have to be remembered and among them: (*a*) So far as economic conditions are affected by the money stock the effect is not to be measured exclusively by the stock of gold money, but by the total of money of all kinds, including credit, gold money being merely used as a convenient index of the larger stock. (*b*) Temporarily at least, the greater the depreciation of a country's currency, the greater is its opportunity under peaceful conditions of competing in the world's markets, and the lower are its prices measured in gold. (*c*) Prices are largely world prices, and there is a leveling up and down process constantly in progress, in which point (*b*) comes largely into play.

The following may make this clearer:

(On Basis of 1913 = 100)

	United States	Japan	United Kingdom	France	Italy	Germany
(1) *Prices of Commodities in Currency*						
End of 1919	238	289	273	425	453	1,100
End of 1920	189	206	220	437	635	1,630
(2) *External Depreciation of Currency (rate of exchange on New York, per cent of parity)*						
End of 1919	100	99	127	201	248	1,060
End of 1920	100	105	138	326	554	1,760
(3) *Prices of Commodities in Gold* (1 ÷ 2)						
End of 1919	238	292	215	211	183	104
End of 1920	189	196	160	134	115	93

The increase of figures is almost regular under both (1) and (2) at both times, and (3) gives an indication of the extent to which the prices of currency-depreciated countries, measured in gold, are below those of the United States and Japan. When world conditions return to normal (which will not be the case by anything like 1930) the stock of gold, increased in the meantime, will gradually be redistributed; and on the whole, with all the other depressing consequences of a war of terrible waste, there seems no reason to greatly modify the suggestions already put forth in this article, except in the direction of reducing the 1930 figures.

It is always dangerous to prophesy unless you know, and it is doubly dangerous to do so in the present state of world upheaval and to forecast in terms of actual figures. The writer therefore desires again to emphasize that figures are used merely to give concreteness to ideas in lieu of expressing them in vaguer (and safer) generalizations. He would be the last to suggest that the figures set down are likely to be realized, all the more because he is fully aware of the fact that similar efforts in the past have often proved to be wide of the mark.